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**ESMC feedback on:
European Commission proposal, Clean Industrial State Aid Framework, CISAF**

General comments

Question Please provide any comments you may wish to bring to the Commission's attention in relation to the draft proposal for a new Clean Industrial Deal State aid Framework. 5000 character(s) maximum

We welcome the extension of the state aid framework until 31 December 2030. This provides us as industry stakeholders and Member States with a much-needed longer-term planning horizon. We also support the ambition to align the state aid revision with the Clean Industrial Deal and the Net Zero Industry Act. As an association representing more than 70 members from the solar PV supply chain, one of Europe's *key* clean technology sectors, we emphasize the importance of swift and simplified access to state aid. Currently, this is not the case. Numerous manufacturing initiatives are stifled before even reaching the pilot stage. One major reason is the complexity, administrative burden and lengthy processes of getting approval for state aid. Compared to other economical regions, access to public aid, from the EU and its Member States, is limited and extremely complicated, and is a major obstacle to the needed clean tech industrialisation.

As **Mario Draghi** stated in "The Future of European Competitiveness" (2024): "However, EU financial support remains fragmented among different programmes, characterised by higher complexity and lead times, and generally excludes operating costs where cost gaps are greatest. Overall, financing for manufacturing at the EU level is five to ten times less generous than under the IRA." (p. 43)

We welcome the Clean Industrial State Aid Framework (CISAF) as a dedicated support aimed at increasing the manufacturing capacity of clean technologies. Solar PV is in particular highly exposed to unfair trade practices, especially from China. In 2024, more than 90% of the solar modules installed in Europe originated from China, a stark contrast to the situation 15–20 years ago, when European manufacturers held a significant share of the global solar module market. The situation is equally concerning across the rest of the solar PV value chain.

The CISAF proposal builds on Section 2.8 of the Temporary Crisis and Transition Framework (TCTF). However, since its introduction in March 2023, very little funding has been allocated through Section 2.8 – clearly illustrating that the support scheme has been too complex for companies and member states to effectively make use of it (see State Aid Brief February 2025, European Commission). With this renewed proposal, we are not sure if we see the fundamental and meaningful changes that would make state aid more accessible and easier to apply for.

Additionally, we recall that this is not the first time the European Commission has promised

simplification of state aid. The reform of 2005–2009, and later the 2012 “State Aid Modernisation Project”, were meant to deliver just that (https://competition-policy.ec.europa.eu/state-aid/legislation/modernisation_en). Unfortunately, earlier state aid reforms have often resulted in temporary and *ad hoc* measures rather than long-term solutions in the benefit for the Member States and its industries. We sincerely hope that this time, we will see a more fundamental reform that truly delivers for European clean manufacturing industries.

For ESMC, representing 70 significantly affected solar PV manufacturing stakeholders, it is urgent to establish a simplified support system that enables Member States to bolster the development of clean tech manufacturing capacity, particularly for solar PV. Therefore, we advocate for an even more streamlined CISAF framework. **In a nutshell, we propose:**

1. Raised aid intensity limits.
2. Enabling OPEX support.
3. Exemptions to state aid notification requirements.
4. Eliminating regional requirements.
5. Efficient *Ad hoc aid*.
6. Social, environmental and resilience criteria.

Aid to accelerate the rollout of renewable energy

Question Please provide any comments specific to section 4.1 of the draft framework (“Aid schemes to accelerate the rollout of renewable energy”).

5000 character(s) maximum

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Question If you consider the proposed completion deadlines or exemptions therefrom (see point (37)) are not appropriate, please provide concrete justification for any alternative timeline or other exemptions you would consider more appropriate.

Question Please provide any comments specific to section 4.2 of the draft framework (“Aid for non-fossil flexibility support schemes”).

5000 character(s) maximum

Please provide any comments specific to section 4.3 and Annex I of the draft framework (“Aid for capacity mechanisms following a target model”).

5000 character(s) maximum

Aid to deploy industrial decarbonisation

Question Please provide any comments specific to section 5 of the draft framework ("Aid to deploy industrial decarbonisation").

5000 character(s) maximum

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Question If you consider that the prioritisation of technologies for decarbonisation of industrial heat in this section on decarbonisation and energy efficiency is not appropriate (see point (73)), please explain and provide evidence for other criteria you would consider more appropriate.

Question For aid schemes covering investments relying wholly or partly on the use of hydrogen, section 5, point (82), the new framework takes into account the fact that Article 22a of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (RED) establishes targets for renewable fuels of non-biological origin (RFNBO) for hydrogen in industry. The draft framework does so by laying down a minimum share of renewable hydrogen calculated by reference to the average share of electricity from renewable sources in the Member State concerned, as such project-level contribution to meeting national targets established by EU law is considered a positive effect in the balancing exercise under Article 107(3)(c) TFEU. If you consider that the scope for aid for investments for industrial use of hydrogen should be defined differently, please provide justification and any available evidence for the scope of projects for which you consider that State aid for other types or combinations of hydrogen is required.

If you consider that the zero indirect emissions presumption for electrification projects in this section on decarbonisation and energy efficiency is not appropriate (see point (98)), please explain and provide evidence for an alternative presumption you would consider more appropriate.

Question If you consider that the safe harbour for natural gas based projects in this section on decarbonisation and energy efficiency is not appropriate (see point (101)), please explain and provide evidence for an alternative presumption you would consider more appropriate.

Question The draft framework allows to provide support for investment costs related directly to the achievement of the greenhouse gas emission savings or energy efficiency. Such support for these investment costs does not cover production capacity increases, but it also does not prevent companies from proceeding at the same time with capacity increases insofar as the increases are not financed by State aid under the decarbonisation section. This is without prejudice to the compatibility of aid for such capacity increases under other sections of the framework, other frameworks or the Treaty. For simplification reasons, the draft framework nevertheless allows increases of capacity up to 5% without having to differentiate between costs for decarbonisation and those related to capacity increases (see point (103)). Do you

think the 5% flexibility margin proposed to be appropriate? If not, please substantiate your view with concrete evidence and data.

Aid to ensure sufficient manufacturing capacity in clean technologies

Question Please provide any comments specific to section 6 of the draft framework ("Aid to ensure sufficient manufacturing capacity in clean technologies").

5000 character(s) maximum

1. Raised aid intensity limits

We are deeply dissatisfied with the halving of aid intensity ceilings. Under the TCTF (section 2.8), **the upper limits ranged from EUR 150 to 350 million**, depending on the area. **With CISAF those are reduced to the half: EUR 75 to 175 million**. We believe the opposite is needed: higher, not lower, limits to aid. **We recommend to at least go back to the limits outlined in the TCTF; EUR 150 to 350 million**. An alternative solution could be to apply the same solution as point 92, which allows Member States to set maximum aid amounts.

Moreover, we find the relative aid limits too low, set between 15% and 35%. We advocate for higher limits for both large and small companies, and removal of the regional differentiation (with the upper limit for all regions).

2. Enabling OPEX support

State aid also should also be made available for operating expenditures (OPEX). Access to OPEX for a limited period is essential to help clean tech projects become fully operational. Such support could cover costs such as factory rent, leasing of manufacturing equipment, human resource expenses, as well as reduced energy costs. As noted above, the Draghi report recommends enabling such support, and OPEX measures are common in most third countries outside the EU, particularly in the United States and China, which are strong competitors in PV manufacturing.

3. Exemptions to state aid notification requirements

Though CISAF aims to simplify the process, each aid measure still requires notification to and approval by the Commission. This results in lengthy and complex procedures, leading to significant delays at a time when rapid access to funding is crucial. Therefore, **we urge the introduction of a general notification exemption for all measures** under Section 6, similar to the General Block Exemption Regulation (GBER). If a structural simplification is not possible for legal reasons (given that CISAF is a Communication and not new legislation), we call for additional clear and concrete measures to further simplify and speed up the state aid approval process.

4. Eliminating regional requirements

We also recommend reducing or removing the requirement to invest in assisted areas. Industrial investment decisions are driven by a range of factors – such as energy costs, labour availability, access to raw materials and synergies with related sectors – which should not be conflated with EU regional policy. In our view, the blending of industrial and regional policy has hindered the early development of clean tech projects.

Allowing the clean tech industry to determine optimal locations based on industrial logic would help remove a barrier to industrial deployment. If the complete removal of regional

requirements is not feasible, then support for assisted areas should be offered as a moderate bonus – not as a doubling of aid intensity, as currently proposed.

5. Efficient *Ad hoc aid*

We welcome the continuation and refinement of matching aid, now as *Ad hoc aid*. It allows the EU to match subsidies that a company could receive from a competing third country, an important mechanism to avoid relocation of strategic investments out of Europe. It is essential that the Ad hoc aid will function as intended and will enable support more easily than the current matching aid. As concluded in the Draghi report the current procedure to grant matching aid is particularly lengthy and complex, and has only been used once (Annex B, p. 123-124). We expect that the Ad hoc aid will be less bureaucratic and lengthy in its processes.

6. Social, environmental and resilience criteria

Additionally, we welcome CISAF's encouragement to include additional conditions for state aid related to social, environmental, and resilience objectives (point 15). However, we question why these criteria are not made binding. As an industry association that considers high social and environmental standards a competitive advantage, **we strongly support the inclusion of minimum binding requirements for social, environmental and resilience objectives as a condition for receiving state aid. Compliance with existing EU and national legislation should be the baseline for all beneficiaries.** Concerning resilience, we consider the establishment of a “**Made in Europe**” criterion – aligned with the local content rationale of the Clean Industrial Deal – as essential for strengthening the European clean technology ecosystem.

Moreover, we advocate for a premium or enhanced support mechanism for companies that go beyond regulatory compliance – particularly those that commit to ambitious ESG goals and actively contribute to building resilient, local value chains through local sourcing of materials and workforce.

We note that conditionalities for local content criteria, prevailing wage rules, apprenticeship programmes etc are already embedded in the U.S. Inflation Reduction Act. Europe can and should go further.

Question The list of clean technologies in point (122) eligible for manufacturing aid should be defined by reference to identifiable market failures in ensuring resilient supply of such technologies. Please indicate whether you consider that the scope for aid for clean tech manufacturing equipment and components activities under section 6 should be aligned with the scope of the corresponding section of the Temporary Crisis and Transition Framework (as set out in the draft for consultation of stakeholder views), with the scope of the Annex of the Net Zero Industry Act, or with some other sub-set of such technologies. **Please provide justification and any available evidence for the scope of projects for which you consider that State aid for additional manufacturing capacity is required.**

We think the list as in the NZIA Annex is a good reference. We would like to emphasize that all relevant components of the respective clean technology supply chains should be included. In the case of solar manufacturing, this means everything from silicon to ingots, wafers, cells, and finished solar PV modules as well as PV inverters. We also would like to underscore the

importance of solar PV equipment as crucial for the manufacturing of all components in the solar PV value chain and therefore also should be eligible for aid. For further details, we refer to our feedback on the NZIA list of specific components used for net-zero technologies (February 2025). We have submitted that as an annex to this feedback.

When it comes to PV inverters, we would like to emphasize the importance of ensuring they are not overlooked. One potential solution would be the establishment of dedicated support instruments – such as targeted funding – for the European inverter industry, focusing on trusted and secure manufacturers. While there is still significant PV inverter manufacturing capacity in Europe, it is rapidly being displaced by Chinese competitors. Currently, around 80% of all new PV systems installed in Europe use inverters from Chinese manufacturers. This not only contradicts the strategic objectives of the Net-Zero Industry Act (NZIA) but also presents a growing security risk. These inverters can be remotely controlled from outside EU, potentially leading to large-scale shutdowns or serious disruptions to the European electricity grid.

Solar PV inverters do belong to critical infrastructure in the same way, computer networks and cellular networks do. As mentioned, Europe retains a solid base of inverter manufacturing. With targeted European support, this capacity could be scaled up to supply the European market with secure, domestically produced inverters.

Aid to reduce risks of private investments

Question **Please provide any comments specific to section 7 of the draft framework ("Aid to reduce risks of private investments in renewable energy, industrial decarbonisation, clean technology manufacturing and energy infrastructure").**

The maximum nominal amount of EUR 100 million (Point 150) should be higher. Many of the solar PV investments require substantially larger support amounts than mentioned in the text; EUR 100 million.

Regarding point 149, we would also like to propose the inclusion of other forms of support beyond loans and guarantees; such as direct grants, tax advantages (including tax credits), accelerated depreciation and subsidised interest rates on new loans as mentioned in point 22 of the proposal. Support should also be eligible for OPEX-related purposes, like production based state aid for EU PV manufacturing in the framework of the Industrial Decarbonisation Bank.

Additionally, we'd like to express that it is very challenging to raise equity for solar PV manufacturing. Equity investment is seen as risk capital and therefore usually disregarded in the solar PV sector by private investors. Those who are used to put capital at risk (early stage/seed investors) are not looking at solar PV, as it is seen as a mature industry, and they prefer focusing on emerging technologies with a potential for huge development. In that respect, other financing options must be considered.

This could be achieved with public funding for compensate for the lack of private funding. With options to make the companies fully private once the start-up phase is passed. The structure of the companies financing can be optimized thanks to public funding and guarantees CAPEX should be decreased and OPEX increased, while public support for OPEX can be extended.

Question Do you agree that the inclusion of aid to investors in energy infrastructure projects as foreseen in point (146) is necessary?

Yes. But it should be formulated as in *addition* to the state aid, not as a requirement.

Answer

Yes

Answer

No

Answer

I don't know

Thank you!